

**STATEMENT OF CHAIRMAN JOHN McCAIN
FOR ONLINE PRIVACY HEARING
SENATE COMMERCE COMMITTEE
SUBCOMMITTEE ON COMMUNICATIONS
JULY 27, 1999**

I want to thank the witnesses for being here today to discuss the important issue of online privacy. Clearly, consumer confidence in privacy matters is crucial to the success of the Internet as a tool for commerce.

Today's hearing will examine legislation that would require the Federal Trade Commission to prescribe regulations to protect personal information collected from Internet users. While I agree we must make every effort to protect consumers privacy online, I am not yet convinced that legislation is necessary.

In a traditional market, the use of regulatory tools to protect consumer's interests would be the obvious answer. In this instance, however, it is not obvious, nor am I convinced at this time that it is the most effective way to aid consumers. At this point, I agree with the majority of the Commission when it concluded that legislation to address online privacy is not appropriate at this time.

We have all heard the results of the study by Georgetown Professor, Mary Culnan, but these are numbers that bear repeating. The studies demonstrate that 94% of the top 100 sites and 66% of random sites visited by consumers have posted some type of privacy disclosure. These results are encouraging. They indicate that self-regulation is taking hold on the Internet and that further regulation may not be necessary. Nevertheless, industry should not be misled into thinking that these results represent some type of pass on future legislation. Congress, industry, and federal regulators must remain vigilant in our efforts to ensure that consumers are able to protect their privacy online.

I view the results of the study as a report card of one semester's work, not a graduation. The FTC has made it clear they will repeat the studies within 6 to 8 months. The results of this study will have a great impact on the consideration of legislation.

We now need to look beyond mere the posting of privacy policies. We need to examine the effectiveness and content of the posted policies. My primary concerns lie in the following areas: whether consumers understand the posted policies; are consumers able to use the policies to guide their decisions; and are

companies following their posted policies?

The Internet changes daily, if not hourly. Any regulation imposed today may be ineffective in protecting consumers tomorrow. In fact, regulation could impede the development and deployment of new technology that may empower consumers to protect their own privacy.

I appreciate all of the witnesses' efforts to protect consumers, and I look forward to continuing to work with all of you to address this vital issue.

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